

Internal Revenue Service  
Director, Exempt Organizations

Department of the Treasury  
P.O. Box 2508  
Cincinnati, Ohio 45201

Number: 201010029

Release Date: 3/12/2010

Employer Identification Number:

Date: December 17, 2009

Person to Contact - ID#:

Contact Telephone Numbers:

UIL Code  
4945.04-04

#### LEGEND

C= Scholarship Administrator  
D= Name of High School  
F= Name of Trustee  
G= Name of scholarship Program  
H= Name of Court

Dear :

We have considered your request for advance approval of your modified grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated June 2, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and were classified as a private foundation as defined in section 509(a) of the Code.

Your application for exemption dated June 30, 2004 indicated that you operate a loan program to make loans to students that have graduated from D and need financial assistance in furtherance of their college education. The loans bear interest at 3% per annum from the time said college education ceases until loan is repaid and said loan and interest is to be repaid in full within a period of four years after the college education ceases or is completed.

As per your Petition dated Feb 2, 2009 in the H, the terms of your Trust Document have been modified from a Student Loan Trust to a Scholarship Trust. The modification changes the phrase "make loans" to "Award Scholarships" and removes the references to Interest payments and the loan repayment criteria from the Trust Document.

You will provide scholarships to certain academically qualified graduates of D who need financial assistance in furtherance of their college education. The number of scholarships that you will award each year and the amount of each scholarship will vary depending upon the required amount and the number of qualified applicants.

D will publicize the scholarship program by providing its students with a list of available scholarships. D's guidance office will distribute information and provide applications to interested students.

The information submitted indicates that C, will administer, the fund for F under a services agreement dated Oct 22, 2003 and amended on September 12, 2006. C is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization.

C will offer the following services in administering the scholarship program.

C will prepare and mail memos to the Guidance Counselor at D. Students wishing to apply must submit their completed applications to C. C will review the applications after the deadline for submission and will contact applicants for missing items. Applicants will submit official transcript with grades, cumulative GPA and SAT/ACT scores posted through the latest Fall semester along with a letter of recommendation from a teacher and a personal statement, a one-page essay, with an explanation as to why the scholarship is important. C will screen the applicants, review the applications and prepare a summary report for the Awards Advisory Committee. The Awards Advisory Committee is made up of the principal, Teachers and Guidance counselors of D. As part of the services it provides to F, C will Set up operating procedures for the administration of the program, Distribute information about the program, Process applications, prepare materials needed for the Selection Committee, Notify winners, renewals, unsuccessful candidates and colleges, distribute funds, Maintain records and provide management reports.

Eligibility Criteria for applicants is as follows:

- Applicants must be high school seniors at D.
- Applicants must demonstrate academic achievement and financial need.
- Applicants must demonstrate traits of high personal character and leadership.

The recipients may attend any accredited public or private two year or four year college or university.

Certain persons may not be eligible to apply for a scholarship. In order to avoid potential conflict of interest or the appearance thereof and in order to avoid certain forms of self-dealing described in Section 4941

of the Internal Revenue Code, the following persons shall not be eligible for or receive any scholarship offered by G.

- Any Co-Trustee of G.
- Any Awards Advisory Committee Member.
- The spouse of any Co-Trustee or Awards Advisory Committee Member.
- The descendants of any Co-Trustee or Awards Advisory Committee Member.
- The children, grandchildren and great-grandchildren of any Co-Trustee or Awards Advisory Committee Member.
- The spouse of a child, grandchild and great-grandchild of any Co-Trustee of Awards Advisory Committee Member.

Further, employees of F or C and their spouses, descendants, children, grandchildren, great-grandchildren, or the spouses of their children, grandchildren and great-grandchildren shall not be eligible to apply for or receive any scholarship offered under the G.

The Awards Advisory Committee reviews the applications, determines the number of scholarships that will be awarded, determines the amount of each scholarship and recommends to F which students should receive scholarships. In making its recommendation to F, the Awards Advisory Committee considers each applicant's scholastic achievement, financial need, character, leadership skills, educational goals and career ambitions. All scholarships are awarded on an objective and non-discriminatory basis. No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of the Awards Advisory Committee or any disqualified person.

The number of recipients and the amount of the scholarship will be based upon the market value of the scholarship fund assets each year as determined by F. The award will be applied to the cost of tuition, fees, books, and supplies. Checks will be issued directly to the college upon receipt of a grade report/transcript and a payment form each semester. The award amount will be divided equally between semester/quarters. Failure to submit the required materials will result in the permanent loss of the scholarship. The scholarships may be renewable for three additional years or until a bachelors degree is awarded whichever is earlier. Current recipients will receive information on the renewal process from C. Grade reports will be required at the end of the Fall Semester. An official transcript reflecting the name of the student, name of the college and the student's social security number will be required at the end of the spring semester.

A scholarship may be terminated at any time, for breach of traditional conduct, serious malfeasance, failure to provide requested materials or

conduct involving moral turpitude within the discretion of the Awards Advisory Committee and concurrence of F.

F pays the scholarship proceeds directly to the educational institution the recipient attends or desires to attend for the benefit of the recipient. F provides a letter to each educational institution specifying that the educational institution's acceptance of the scholarship proceeds constitutes the educational institution's agreement to (i) refund any unearned portion of a scholarship if, subsequent to the payment of a scholarship, a scholarship recipient fails to meet any term or condition of the scholarship program; and (ii) notify F if a scholarship recipient fails to meet any term or condition of the scholarship program.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements